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14 WILLIAM J. HOFFMAN, Receiver

15 **UNITED STATES DISTRICT COURT**  
16 **CENTRAL DISTRICT OF CALIFORNIA**  
17 **WESTERN DIVISION**

18 WILLIAM J. HOFFMAN, Court-  
19 appointed permanent receiver for  
20 Defendant Nationwide Automated  
21 Systems, Inc., Relief Defendants Oasis  
22 Studio Rentals, LLC, Oasis Studio  
23 Rentals #2, LLC, and Oasis Studio  
24 Rentals #3, LLC, and their subsidiaries  
25 and affiliates,

26 Plaintiff,

27 v.

28 HARVEY TURELL, individually and as  
Trustee of the HARVEY AND LINDA  
TURELL FAMILY TRUST; and  
LINDA TURELL,

Defendants.

Case No. 2:15-cv-06720

**COMPLAINT FOR FRAUDULENT  
TRANSFER AND UNJUST  
ENRICHMENT**

1 Plaintiff William J. Hoffman of Trigild, Inc. ("Receiver"), the Court-  
2 appointed permanent receiver for Nationwide Automated Systems, Inc. ("NASI"),  
3 Oasis Studio Rentals, LLC, Oasis Studio Rentals #2, LLC, Oasis Studio  
4 Rentals #3, LLC, and their subsidiaries and affiliates ("Receivership Entities"),  
5 hereby brings the following Complaint against the above-captioned Defendants and  
6 alleges, on behalf of the Receivership Entities, as follows:

## 7 I. JURISDICTION AND VENUE

8 1. This Court has jurisdiction over this matter under 28 U.S.C.  
9 sections 1345 and 1367(a), and the doctrines of ancillary and supplemental  
10 jurisdiction, in that this action arises from a common nucleus of operative facts as,  
11 and is substantially related to the original claims in, the Securities and Exchange  
12 Commission ("Commission") enforcement action styled as *Securities and Exchange*  
13 *Commission v. National Automated Systems, Inc., et al.*, United States District  
14 Court, Central District of California, Case No. 14-CV-07249-SJO (FFMx) ("SEC  
15 Action").

16 2. This Court may exercise personal jurisdiction over the above-captioned  
17 Defendants pursuant to Federal Rule of Civil Procedure 4(k)(1)(A) and 28 U.S.C.  
18 sections 754 and 1692.

19 3. Venue in the Central District of California is proper under 28 U.S.C.  
20 section 1391 because this action is an ancillary proceeding to the SEC Action and  
21 because the Receiver was appointed in this District pursuant to the Preliminary  
22 Injunction and Orders (1) Freezing Assets; (2) Prohibiting the Destruction of  
23 Documents; (3) Requiring Accountings; and (4) Appointing a Receiver entered by  
24 this Court in the SEC Action on October 29, 2014 ("Preliminary Injunction").

## 25 II. PARTIES

26 4. The Receiver is the duly appointed permanent receiver for the  
27 Receivership Entities and was appointed permanent receiver for the Receivership  
28 Entities pursuant to the Preliminary Injunction. Among other things, the

1 Preliminary Injunction calls for the Receiver to recover and marshal, for the benefit  
2 of creditors of and investors in the Receivership Entities, any and all assets which  
3 were owned, leased, occupied, or otherwise controlled by the Receivership Entities  
4 or were otherwise purchased with assets of the Receivership Entities. The Receiver  
5 holds exclusive authority and control over the assets of the Receivership Entities,  
6 including over the causes of action alleged herein, over which this Court has  
7 ancillary and supplemental jurisdiction.

8 5. On information and belief, Harvey Turell, individually and as Trustee  
9 of the Harvey and Linda Turell Family Trust, and Linda Turell are citizens and  
10 residents of Los Angeles County, California (collectively, "Defendants").  
11 Defendants are each a recipient of assets of the Receivership Entities as described  
12 further herein.

### 13 III. FACTUAL ALLEGATIONS

#### 14 A. The Purported Business of the Receivership Entities and the 15 Commencement of the SEC Action

16 6. As alleged by the Commission in the SEC Action, NASI raised money  
17 from investors by selling them Automated Teller Machines ("ATMs"), leasing the  
18 ATMs back from investors, managing the ATMs for the investors, and paying the  
19 investors "rents" that were guaranteed to total at least 20% of the purchase price  
20 paid for the ATMs per year. The Receivership entities also paid referral fees to  
21 investors and other agents who recruited new investors to purchase ATMs.

22 7. In actuality, the Receivership Entities did not sell any ATMs to  
23 investors, but instead fabricated and sold fictitious ATMs with fabricated serial  
24 numbers and locations. The "rents" paid to investors who purchased fictitious  
25 ATMs, as well as referral fees paid to investors and agents, were paid from the  
26 amounts raised from other investors. Thus, NASI operated a classic Ponzi scheme.

27 8. On or about September 17, 2014, the Commission initiated the SEC  
28 Action against the Receivership Entities and their principals Joel Gillis and Edward

1 Wishner, alleging violations of federal securities laws. The Commission petitioned  
 2 for the Receiver's appointment, and on September 30, 2014, and October 29, 2014,  
 3 this Court entered orders appointing the Receiver, first on a temporary basis and  
 4 then as permanent receiver for the Receivership Entities.

5 **B. The Receiver's Authority and Investigation Pursuant to His**  
 6 **Appointment**

7 9. Pursuant to the terms of his appointment, the Receiver is vested with  
 8 exclusive authority and control over the assets of the Receivership Entities.  
 9 Specifically, Article XII of the Preliminary Injunction vests the Receiver with the  
 10 "full powers of an equity receiver, including, but not limited to . . . full power to  
 11 institute, pursue, and prosecute all claims and causes of action . . ."

12 10. The Receiver's investigation to date supports and confirms the  
 13 Commissions allegations in the SEC Action, including that NASI operated a Ponzi  
 14 scheme, sold fictitious ATMs to investors and made rent and referral fee payments  
 15 to investors from funds raised from other investors. Defendants Gillis and Wishner  
 16 filed answers to the SEC's complaint in which they admit the facts supporting the  
 17 SEC's Ponzi scheme allegations.

18 **C. Criminal Indictment and Guilty Pleas**

19 11. On December 16, 2014, Gillis and Wishner were arrested and charged  
 20 with mail fraud, wire fraud, conspiracy, and aiding and abetting. *United States v.*  
 21 *Gillis, et al.*, C.D. Cal. Case No. 14-CR-00712-SJO. Gillis and Wishner waived  
 22 indictment, surrendered their passports, and were released on bail. On January 13,  
 23 2015, and January 21, 2015, respectively, Wishner and Gillis plead guilty to all four  
 24 counts of the criminal information. In connection with Gillis' guilty plea, a  
 25 statement of facts signed by Gillis that supports the guilty plea was filed by the  
 26 government ("Statement of Facts"). As part of his guilty plea, Gillis stated under  
 27 oath that the facts in the Statement of Facts were true. The Statement of Facts is  
 28 attached hereto as Exhibit A.

12. The Statement of Facts is fully incorporated herein by reference. The facts stated therein are included in this complaint as though fully restated and alleged herein.

**D. The Fraudulent Transfers to Defendants From the Receivership Entities**

13. Attached hereto as Exhibit B is a schedule of bank transfers from Defendants to NASI and from NASI to Defendants. As the schedule reflects, the net amount received by Defendants ("Profit Amount") is calculated by subtracting (a) transfers from NASI to Defendants ("Payments from NASI") from (b) transfers from Defendants to NASI ("Deposit Amount"). Defendants' Profit Amount is \$2,191,738.<sup>1</sup>

14. Defendants had no business dealings with NASI apart from transactions relating to the purchase and leasing of fictitious ATMs and provided no services or other value to NASI other than amounts paid for the fictitious ATMs.

**COUNT I – FRAUDULENT TRANSFER**

15. The Receiver incorporates herein each and every allegation contained in Paragraphs 1 through 14, inclusive, hereinabove set forth.

16. Over the course of its pre-receivership operations, NASI paid the Profit Amount to Defendants with the intent to hinder, delay, or defraud NASI's creditors. Such payments were made from the proceeds of the Ponzi scheme which were generated from investors in the scheme.

17. The Receivership Entities received nothing of value in exchange for the payments that comprise the Profit Amount.

18. At the time the payments comprising the Profit Amount were made to Defendants, NASI was engaged in or about to engage in business transactions for

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<sup>1</sup> All transfers from Payments from NASI occurring (a) after Defendant received payments equal to the Deposit Amount, and (b) more than seven years prior to the date of filing this Complaint have been excluded from the calculation of the Profit Amount.

1 which its remaining assets were unreasonably small in relation to the business or  
2 transaction.

3 19. NASI was insolvent, or became insolvent shortly after the subject  
4 payments comprising the Profit Amount were made to Defendants.

5 20. NASI intended to incur, or believed or reasonably should have believed  
6 it would incur, debts beyond its ability to pay as they became due.

7 21. As a consequence, the full Profit Amount is an actual and  
8 constructively fraudulent transfer under California's Uniform Fraudulent Transfer  
9 Act ("CUFTA"), Cal. Civ. Code section 3439, *et seq.*, and is subject to immediate  
10 disgorgement to the Receiver.

## 11 **COUNT II – UNJUST ENRICHMENT**

12 22. The Receiver incorporates herein each and every allegation contained  
13 in Paragraphs 1 through 21, inclusive, hereinabove set forth.

14 23. As described above, NASI paid the Profit Amount to Defendants in  
15 connection with the transactions relating to the purchase and leasing of fictitious  
16 ATMs. Such payments were made from the proceeds of a Ponzi scheme which  
17 were generated from investors in the scheme.

18 24. Defendants benefitted by way of receipt of the Profit Amount and it is  
19 unjust and inequitable for Defendants to retain this benefit at the expense of the  
20 Receivership Entities and/or the other defrauded investors and creditors of the  
21 receivership estate.

22 25. Defendants have no legitimate claim to the Profit Amount as it  
23 represents fictitious profits paid to Defendants in furtherance of NASI's fraudulent  
24 Ponzi scheme and in order to entice new investors and further perpetuate the  
25 scheme.

26 26. The Receivership Entities received no value or consideration in  
27 exchange for the Profit Amount.

28

27. Defendants have thus been unjustly enriched in the amount of the Profit Amount, which is subject to immediate disgorgement to the Receiver.

**PRAYER FOR RELIEF**

WHEREFORE, the Receiver prays for judgment against the Defendants as follows:

**On Count I:**

(a) For a judgment against Defendants avoiding the transfers from NASI to Defendants comprising the Profit Amount; and

(b) For an order deeming the Profit Amount paid to Defendants to be held in constructive trust for the benefit of the Receivership Entities; and

(c) For an order directing Defendants to immediately pay the Profit Amount, plus prejudgment interest and costs, to the Receiver; and

(d) For such other and further relief as the Court may deem proper.

**On Count II:**

(a) For a judgment against Defendants in the amount of the Profit Amount, plus prejudgment interest and costs; and

(b) For an order deeming the Profit Amount paid to Defendants to be held in constructive trust for the benefit of the Receivership Entities; and

(c) For an order directing Defendant to immediately pay the Profit Amount, plus prejudgment interest and costs, to the Receiver; and

(d) For such other and further relief as the Court may deem proper.

Dated: August 31, 2015

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP

By:           /s/ Ted Fates          

TED FATES  
Attorneys for Plaintiff  
WILLIAM J. HOFFMAN, Receiver